



**Department of Energy**  
Washington, DC 20585

JAN 31 2006

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

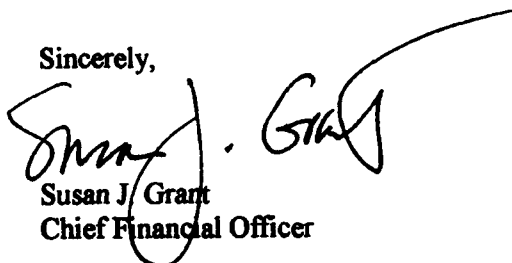
The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan J. Grant", with a long, sweeping horizontal line extending to the right.

Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Senator Robert C. Byrd  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

JAN 31 2006

The Honorable Pete Domenici  
Chairman, Subcommittee on Energy  
and Water  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

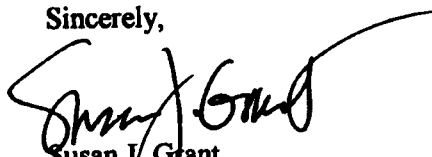
The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Senator Harry Reid  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

**JAN 3 1 2006**

The Honorable John W. Warner  
Chairman, Committee on Armed Services  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.


The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

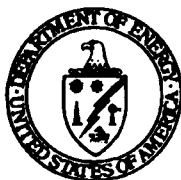
Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Senator Carl Levin  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

JAN 31 2006

The Honorable Duncan Hunter  
Chairman, Committee on Armed Services  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

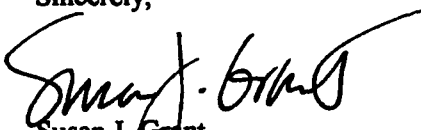
The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Congressman Ike Skelton  
Ranking Minority Member





**Department of Energy**  
Washington, DC 20585

JAN 3 1 2006

The Honorable Jerry Lewis  
Chairman, Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

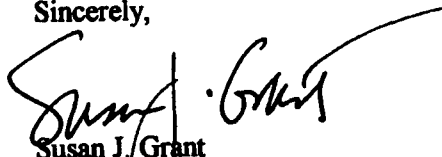
The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Congressman David R. Obey  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

JAN 31 2006

The Honorable David L. Hobson  
Chairman, Subcommittee on Energy  
and Water Development and Related Agencies  
Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

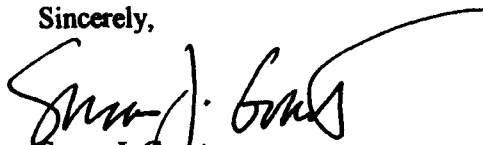
The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Congressman Peter J. Visclosky  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

JAN 31 2006

The Honorable Sherwood L. Boehlert  
Chairman, Committee on Science  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.

The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Congressman Bart Gordon  
Ranking Minority Member



**Department of Energy**  
Washington, DC 20585

JAN 3 1 2006

The Honorable Pete V. Domenici  
Chairman, Committee on Energy and  
Natural Resources  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the fiscal year (FY) 2001 Energy and Water Development Appropriations Conference Report (106-988), enclosed is the FY 2005 report on Laboratory Directed Research and Development (LDRD). Information on the Department's Plant Directed Research, Development and Demonstration (PDRD) and Site Directed Research, Development and Demonstration (SDRD) programs is also included.

National Laboratories included in this report devoted approximately \$384 million to LDRD in 1,621 projects. The report delineates procedures implemented to provide assurance that all LDRD activities derived from funds of other Federal agencies have been conducted in a manner that supports science and technology development that benefits the programs of the sponsoring agencies and is consistent with the appropriation acts that provided funds to those agencies.

This report also fulfills the mandate in Section 3136(b) of the National Defense Authorization Act of FY 1997, which requires an assessment of the extent to which LDRD activities support the national security mission of the Department. The information provided in the report demonstrates how the LDRD program supports the national security mission of the Department and provides an analysis that indicates the LDRD benefits are commensurate with the funding received from defense, non-defense and Department of Homeland Security sources.


The Department is aware of the changes involving LDRD contained in the FY 2006 Energy and Water Development Appropriations Conference Report (109-275). The language, designed to ensure an equitable allocation of overhead costs, requests the Department to apply overhead charges to LDRD activities consistent with cost accounting practices applied to program activities that are direct funded. As called for in the Conference Report, changes in accounting practices should be implemented with no net reduction in LDRD levels below six percent of the funds provided by the Department to such labs for national security activities and two percent for PDRD and SDRD activities at the appropriate plants and sites.



Printed with soy ink on recycled paper

Departmental representatives are willing to meet with you to discuss any issues or concerns you may have regarding the information included in this report. Please contact me at 202-586-4171 or Jill L. Sigal, Assistant Secretary for Congressional and Intergovernmental Affairs, at 202-586-5450 if you have any questions.

Sincerely,



Susan J. Grant  
Chief Financial Officer

Enclosure

cc: Senator Jeff Bingaman  
Ranking Minority Member



**IDENTICAL LETTER SENT TO**

The Honorable Thad Cochran  
Chairman, Committee on Appropriations  
United States Senate  
Washington, D.C. 20510

cc: Senator Robert C. Byrd  
Ranking Minority Member

The Honorable Pete Domenici  
Chairman, Subcommittee on Energy  
and Water  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

cc: Senator Harry Reid  
Ranking Minority Member

The Honorable John W. Warner  
Chairman, Committee on Armed Services  
United States Senate  
Washington, D.C. 20510

cc: Senator Carl Levin  
Ranking Minority Member

The Honorable Duncan Hunter  
Chairman, Committee on Armed Services  
U.S. House of Representatives  
Washington, D.C. 20515

cc: Congressman Ike Skelton  
Ranking Minority Member

The Honorable Jerry Lewis  
Chairman, Committee on Appropriations  
U.S. House of Representatives  
Washington, D.C. 20515

cc: Congressman David R. Obey  
Ranking Minority Member

**The Honorable David L. Hobson**  
**Chairman, Subcommittee on Energy**  
**and Water Development and Related Agencies**  
**Committee on Appropriations**  
**U.S. House of Representatives**  
**Washington, D.C. 20515**

**cc: Congressman Peter J. Visclosky**  
**Ranking Minority Member**

**The Honorable Sherwood L. Boehlert**  
**Chairman, Committee on Science**  
**U.S. House of Representatives**  
**Washington, DC 20515**

**cc: Congressman Bart Gordon**  
**Ranking Minority Member**

**The Honorable Pete V. Domenici**  
**Chairman, Committee on Energy and**  
**Natural Resources**  
**United States Senate**  
**Washington, DC 20510**

**cc: Senator Jeff Bingaman**  
**Ranking Minority Member**